



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1795

PRINTERS NO. 3585

PRIME SPONSOR: R. Brown

COST / (SAVINGS)

FUND	FY 2022/23	FY 2023/24
Local Funds	\$0	\$0

SUMMARY: Amends Title 68 in Condominiums, Cooperatives, and Planned Communities to provide for new voting standards for board elections and bylaw changes, virtual and recorded meetings. This legislation would take effect in 60 days.

ANALYSIS: This legislation amends Title 68 to provide further guidelines for voting in condominiums, cooperatives, and planned communities.

The legislation defines an "Independent Reviewer" as a person who is selected by the executive board and:

- Is either a Certified Public Accountant, a licensed attorney, or a vote management system.
- Is not a unit owner.
- Has no immediate family relationship with the declarant, unit owner, or a manager.
- Has no financial interest shared with a declarant, unit owner, or manager.
- If compensated by the declarant, director, association, or manager has disclosed the terms of the compensation to all unit owners.

Additionally, the legislation defines a "Vote Management System" as a third-party vendor who operates a digital or subscription service that securely manages the conduct of elections and voting procedures.

Board Member Elections: Under the legislation, in communities larger than 500 units, all votes for board members, both at the end of declarant control and for all subsequent board elections, must be submitted to an independent reviewer who tallies the results of the election and certifies those results to the community.

For communities under 500 units, the membership may take a vote to utilize a third-party review on elections.

Votes by unit owners can be submitted to the independent reviewer either electronically or by paper ballot. All unit owners in good standing may vote in elections.

If the third-party vendor conducts the election, the board may present the official results based on a certified election report from the independent reviewer at a meeting of the association, and the results shall enter the meeting records.

Bylaw Amendments: This legislation requires bylaw amendments in a community to be done in the same manner as existing law regarding declaration amendments. The amendments must meet the following criteria:

- Reach 51% of votes in the association, or any other percentage as specified in the community bylaws; and
- The vote may only be taken at a scheduled meeting, advertised seven days in advance to unit owners.

The bylaws may be amended with absentee ballots that have been submitted to an independent reviewer within 5 days after the scheduled meeting.

Election Meetings: Bylaws of the community must require a session no later than seven days prior to an election of a board member, to allow unit owners to meet each candidate for the position. The session can be in person or virtual, and each candidate must be given equal time to address the unit owners.

If there are no challenges to a nomination for a board member position, the election can be certified by acclamation.

Virtual Association Meetings: Virtual association meetings must comply with the same requirements found under the non-profit corporation law. Notice of the meeting must be sent to the unit owner by mail, fax, or email.

Recorded Association Meetings: If a meeting of the association is recorded, an announcement must be made at the commencement of the meeting that it is being recorded. The recording must be made available to unit owners for a period of six months after the date of the meeting.

Methods of Voting: The bill also outlines the types of voting permitted in a community, including in person, proxy, absentee, electronic, or other methods outlined in the community documents.

FISCAL IMPACT: This legislation would have no adverse fiscal impact on Commonwealth or local funds.

PREPARED BY: Tim Rodrigo
House Appropriations Committee (R)

DATE: October 25, 2022

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.